

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

EAST CENTRAL
INTERGOVERNMENTAL ASSOCIATION
DUBUQUE, IOWA

June 30, 2005

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TOSTRUD & TEMP, S.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Council Members
East Central Intergovernmental
Association
Dubuque, Iowa 52005

We have audited the accompanying basic financial statements of the East Central Intergovernmental Association as of June 30, 2005, and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Central Intergovernmental Association as of June 30, 2005, and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 5 through 5H and pages 27 through 28 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the East Central Intergovernmental Association's basic financial statements. The schedule of expenditures of federal awards, which is required by the United States Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements of East Central Intergovernmental Association. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 8, 2005 on our consideration of the East Central Intergovernmental Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

September 8, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2005**

The East Central Intergovernmental Association (ECIA) is a membership supported organization of local governmental bodies in Cedar, Clinton, Delaware, Dubuque, and Jackson Counties in eastern Iowa. The purpose of ECIA is to provide management and technical assistance to local government staff and elected officials.

ECIA exists because of a need for local governments facing similar problems to cooperate in finding solutions. This cooperative effort, through ECIA membership, provides greater resources to local governments than they would be able to afford individually. The sharing of resources and discussion of common concerns vastly improves the quality and consistency of solutions to local and regional problems. Costs are held at a level that allows all local governments in the region to participate. ECIA strives to provide "A Regional Response to Local Needs."

As management of ECIA, we offer the readers of ECIA's financial statements this narrative overview and analysis of the financial activities of ECIA for the year ended June 30, 2005. The financial statements of ECIA consist of the operations of ECIA (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered by ECIA). The financial statements do not include ECIA Business Growth, Inc. or Eastern Iowa Regional Housing Authority, which have been formed as separate and distinct entities.

We encourage readers to consider the information presented here in conjunction with ECIA's financial statements, which follow this discussion and analysis. This report complies with the Governmental Accounting Standards Board (GASB) Statement 34 reporting model.

Regionalism, globalization, innovation and entrepreneurship are the new engines for job creation, growth and economic prosperity. In this past year, we have taken our first steps in adopting this philosophy by creating and nurturing a regional partnership entitled "Prosperity Eastern Iowa...Six Counties...One Vision." This regional partnership is a collaboration of local governments, development groups, private enterprise, Chambers of Commerce, and other organizations in the six counties of Cedar, Clinton, Delaware, Dubuque, Jackson and Jones. The mission of this group is to increase the economic vitality of the region and to expand the economic segments and provide a stronger quality of life by sharing expertise, support services, experiences, and projects which empowers each individual entity with the strength of the partners as a whole. As a group, we are building on our capacity to adapt and create new opportunities to gain a competitive advantage in this global world.

Not only are we partnering and working regionally in the area of economic development, but we are also doing this in the area of community development. In this past year, we formed the Eastern Iowa Rural Utility Service System (EIRUSS). EIRUSS is a collaborative effort among five counties...Delaware, Jackson, Jones, Cedar and Clinton, for the purpose of owning and operating essential facilities and services such as wastewater treatment systems and water systems for and on behalf of the counties and the cities and unincorporated areas within the Counties. This effort also illustrates the importance of working together as one, rather than competing, creating safer utility systems for our citizens. These relationships serve as a good foundation as we transition into Fiscal 2006.

FINANCIAL HIGHLIGHTS

- The assets of ECIA exceeded its liabilities at June 30, 2005 by \$304,016 (net assets). Of this amount, \$285,245 (unrestricted net assets) may be used to meet ECIA's ongoing obligations to member communities and creditors.
- ECIA's net assets increased by 11.2%, or \$30,656, from June 30, 2004 to June 30, 2005.
- As of the close of the fiscal year, ECIA's fund balance was \$285,245, an increase of \$32,601 in comparison with the prior year.
- Total revenues decreased 1.9%, or approximately \$68,000, from fiscal 2004 to fiscal 2005. This was primarily due to decreased enrollments in the WIA programs. Total expenditures decreased 1.5%, or approximately \$55,000 from fiscal 2004 to fiscal 2005. This is also primarily due to the decrease in WIA Program activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to ECIA's basic financial statements. The financial statements included in this report are designed to provide readers with a broad overview of ECIA's finances, in a manner similar to a private sector business. ECIA utilizes the accrual basis of accounting, which recognizes revenues and expenses when earned, regardless of when cash is received or paid. The following statements are included in this report:

- **Statement of Net Assets** – This statement presents information on all of ECIA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of ECIA is improving or deteriorating.
- **Statement of Activities** – This statement is prepared on the accrual basis of accounting and presents functional expenses offset by revenue sources that are directly related.
- **Balance Sheet Governmental Funds** – This statement is prepared on the current financial resources measurement focus that generally only includes current assets and current liabilities.
- **Statement of Revenues, Expenses and Changes in Fund Balance** – This statement is prepared on the modified accrual basis of accounting and reports ECIA's operating revenue by major source, along with operating expenses.
- A reconciliation between the full accrual basis accounting statement (Statement of Activity) and the modified accrual basis statement (Statement of Revenues, Expenses and Changes in Fund Balance).

- Notes to financial statements – This section provides additional information that is essential to a full understanding of the data provided in the financial statements.
- Supplemental Information – In addition to the basic financial statements and accompanying notes, this section of the report presents certain required supplementary information, providing detailed information by program and by project, as well as a schedule of Federal Financial Assistance.

ANALYSIS OF NET ASSETS

As previously noted, net assets may serve over time as a useful indicator of ECIA's financial position. ECIA's net assets increased by \$30,656 from a year ago. The analysis that follows illustrates the changes in the components that make up net assets.

STATEMENT OF NET ASSETS

	2005	2004	NET CHANGE	PERCENT CHANGE
Cash and investments	101,935	59,267	42,668	72.0
Other Current Assets	361,864	375,860	(13,996)	(3.7)
Capital Assets	33,262	30,360	2,902	9.6
Total Assets	497,061	465,487	31,574	6.8
Current Liabilities	183,973	192,127	(8,154)	(4.2)
Long-Term Liabilities	9,072	0	9,072	100.0
Total Liabilities	193,045	192,127	918	0.5
Net Investment in Capital Assets	18,771	20,716	(1,945)	(9.4)
Unreserved	285,245	252,644	36,601	12.9
Total Net Assets	304,016	273,360	30,656	11.2

Total assets increased by approximately 6.8%, from \$465,487 in FY2004 to \$497,061 in FY 2005. This increase was attributable to an increase in Cash, coupled with a decrease in Accounts Receivable.

Cash increased by \$42,668, primarily due to more timely collection of accounts receivable, increased cash in the Workforce Investment Act (WIA) program and favorable operating results. Accounts Receivable decreased from \$317,671 in FY2004 to \$304,007 in FY2005 primarily due to decreased charges related to the construction of the Peosta Evergreen Meadows Tax Credit Project. During FY2004, ECIA entered into a contract with Tricon Construction whereby ECIA provided oversight of the construction of this project. The contract was fully expended by June 2004.

Capital assets net of depreciation increased \$2,902 in FY05. ECIA purchased a 2004 Chevrolet Impala, computer equipment and software; however, these additions were

partially offset by the sale of a 2002 Dodge Stratus and the disposal of computer equipment no longer in service.

Current liabilities decreased from \$192,127 in FY2004 to \$183,973 in FY2005. This decrease of \$8,154 is primarily the result a pass thru payment for the Clinton Biotech Project which was reflected as a liability in FY04 and paid out in FY05.

The long-term liability line item reflects the loan for the purchase of a 2004 Chevrolet Impala during FY05. Of the total outstanding balance of the loan, \$5,419 is classified as current and \$9,072 as long-term. The debt from the beginning of the year has been retired.

ANALYSIS OF REVENUES AND EXPENDITURES

In FY2005 and FY 2004, total revenues were \$3,509,549 and \$3,577,180 respectively, a decrease of \$67,631 or 1.9%. Total Expenditures for the same period decreased \$54,837 or 1.5%. A comparison of income and expenditures is outlined in the following table.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

	2005	2004	NET CHANGE	PERCENT CHANGE
REVENUES				
Federal	458,860	501,711	42,851	(8.5)
State of Iowa	49,837	13,558	36,279	267.6
State of Wisconsin	787	787	0	0.0
Membership Fees	77,810	77,810	0	0.0
Fees and assessments	195,874	265,623	(69,749)	(26.3)
EIRHA	902,502	720,660	181,842	25.2
Maquoketa Housing Authority	0	49,627	(49,627)	(100.0)
CDBG Admin	368,323	309,140	59,183	19.1
ECIA Business Growth	146,501	134,968	11,533	8.5
Workforce Investment Act	1,302,704	1,499,000	(196,296)	(13.1)
Interest	1,149	546	603	110.4
Miscellaneous	1,040	0	1,040	100.0
Sale of Equipment	4,162	3,750	412	11.0
Total Revenues	3,509,549	3,577,180	(67,631)	(1.9)
EXPENDITURES				
Salaries, wages and benefits	2,185,511	2,083,215	102,296	4.9
Office supplies & operating materials	28,810	28,183	627	2.2
Conference and training	20,068	22,428	(2,360)	(10.5)
Business expense	90,551	82,635	7,916	9.6
Printing	13,267	8,719	4,548	52.2
Equip rental and maint	11,823	8,217	3,606	43.9
Insurance and bonding	33,187	25,703	7,484	29.1
Dues and subscriptions	12,981	9,093	3,888	42.8
Telephone	21,716	20,569	1,147	5.6

Postage	37,367	37,262	105	0.3
Rent & utilities	111,579	109,534	2,045	1.9
Advertising	1,782	1,530	252	16.5
Professional fees	39,828	60,876	(21,048)	(34.6)
Equipment purchases	25,698	6,531	19,167	293.5
Long-term debt principal	11,836	9,931	1,905	19.2
Miscellaneous	7,698	6,590	1,108	16.8
WIA program costs	839,929	1,027,452	(187,523)	(18.3)
 Total Expenditures	 3,493,631	 3,548,468	 (54,837)	 (1.5)
 Excess of Revenues over Expenditures	 15,918	 28,712	 (12,794)	 (44.6)
 Proceeds From Long-term Borrowing	 16,683	 0	 16,683	
 Excess of Revenues and Other Financing Sources over Expend	 32,601	 28,712	 3,889	 13.5
 Beginning Fund Balance	 252,644	 223,932	 28,712	
 Ending Fund Balance	 285,245	 252,644	 32,601	 12.9

The largest change in Revenue was related to the WIA programs, which reflect a decrease of \$196,296. The National Emergency grant for Rockwell Collins was closed out at the end of FY04. In addition, funding for the Welfare to Work program was rescinded in FY04. Federal Revenue decreased \$42,851 or 8.5% primarily due to a \$47,000 Hazard Mitigation grant that was fully expended in FY04. Fees and Assessments reflected a \$69,749 or 26.3% decrease primarily due to the FY04 contract with Tricon Construction to oversee the construction of the Peosta low income housing tax credit project

On the positive side, State of Iowa Revenue increased \$36,279 or 267.6% due to a special contract for the development of a transportation model in Clinton, Iowa. Revenue from the Eastern Iowa Regional Housing Authority (EIRHA) increased \$181,842 or 25.2%. This is primarily the result of hiring a ROSS FSS Coordinator in May 2005 and additional FY05 administrative charges for EIRHA staff who during FY04 billed their time to the Tricon Construction contract noted above. CDBG Admin increased \$59,183 or 19.1% due to increased staff charges to block grant administration upon completion of the Hazard Mitigation grant in FY04 as noted above. ECIA Business Growth revenue increased \$11,533 or 8.5% due to increased loan activity in that department.

Revenue by Funding Source for Fiscal 2005 is summarized as follows:

US Department of Housing & Urban Development	34%
US Department of Labor	17%
CDBG Administration	13%
US Department of Health & Human Services	8%
US Department of Transportation	7%
Service Fees & Assessments	7%
Business Growth	5%
Membership Fees	3%
US Department of Commerce	2%
Special Contracts	2%
State (COG Assistance)	1%
EDSA/PFSA Administration	1%
 Total	 100%

The largest change in Expenditures was also related to the WIA programs, which reflected a decrease of \$187,523. This was due to the funding changes as noted in the Revenue section above. Conference and training expense decreased \$2,360 as a result of decreased training expense for the WIA staff due to staff reductions. Business travel increased by \$7,916 as a result of the expenditure of approximately \$4,700 to repair the Niton XRF used by the Community Development Department for lead testing as well as an increase in the Federal mileage reimbursement rate for staff travel.

Printing costs reflected an increase of \$4,548 as ECIA printed a new supply of agency brochures. Equipment rental and maintenance increased \$3,606 due to increased cost of copy machine and computer printer maintenance. Insurance expense increased by \$7,484 due to the increased cost of liability coverage for housing inspectors and increased cost for workers' comp insurance. Dues and subscriptions increased \$3,888 due to the \$1,500 annual membership fee paid to the National Association of Regional Councils as well as membership fees paid to several Chambers of Commerce within the ECIA region.

Professional fees decreased \$21,048 primarily due to the hiring of a full-time secretary in FY05. During FY04, ECIA utilized the services of an temporary employment agency to staff this position. Equipment purchases increased by \$19,167 due to the purchase of a 2004 Chevrolet Impala in January, 2005, as well as the purchase of computer equipment. Principal payments on long-term debt increased due to the loan for the purchase of the Impala. Miscellaneous expense increased by \$1,108 due to the increased cost of the annual banquet and team building activities.

OVERVIEW OF BUDGETS

ECIA annually adopts a budget on a basis consistent with generally accepted accounting principles. Budgets are adopted for the general fund and appropriations lapse at fiscal year end. Salaries and operating expenses are allocated in accordance with a pre-approved "Cost Allocation Plan."

The ECIA Council approved one budget amendment in May 2005. Differences between the original budget and the final amended budget can be summarized as follows:

- The original revenue budget of \$2,627,585 was increased to \$2,686,766, an increase of \$59,181. This increase was primarily the result of greater than anticipated revenue from CDBG grant administration and ECIA Business Growth loan activity.
- The original expenditure budget of \$2,623,000 was increased to \$2,682,285, an increase of \$59,285.

Salaries/benefits expense was increased approximately \$45,000 due to the addition of a ROSS FSS Coordinator and a part-time account clerk to customize the utility billing/accounting package for participating cities. Business expense was increased by \$6,000 in anticipation of higher travel reimbursement costs.

The budget for Equipment rental and maintenance expense was increased by \$4,000 in anticipation of increased costs of repair to the copier and printers. Budgeted Rent expense was increased by \$7,000 due to increased utility and property tax expenses.

RESULTS OF OPERATIONS

ECIA's management was pleased with the operating results for the fiscal year ending June 30, 2005. The amended budget anticipated excess revenue over expenditures of \$4,481. Actual results of operations reflected a profit of \$32,601.

Operating revenues were approximately \$500 less than budgeted. Operating expenditures were \$28,583 less than budgeted, primarily due to lower than projected salary/wage expense. The following table illustrates these points:

COMPARISON OF BUDGET VS. ACTUAL

	BUDGET	ACTUAL	VARIANCE	PERCENT
REVENUES				
Federal	440,177	458,860	18,683	4.1
State of Iowa	45,374	49,837	4,463	9.0
State of Wisconsin	788	787	(1)	(0.1)
Membership Fees	77,810	77,810	0	0.0
Fees and assessments	183,276	195,874	12,598	6.4
EIRHA	921,984	902,502	(19,482)	(2.2)
CDBG Admin	369,573	368,323	(1,250)	(0.3)
ECIA Business Growth	140,375	146,501	6,126	4.2
Workforce Investment Act	486,835	462,775	(24,060)	(5.2)
Interest	1,010	1,149	139	12.1
Sale of Equipment	2,881	4,162	1,281	30.8
Miscellaneous	0	1,040	1,040	100.0
Proceeds from LT Borrowing	16,683	16,683	0	0.0
Total Revenues	2,686,766	2,686,303	(463)	(0.0)
EXPENDITURES				
Salaries, wages and benefits	2,200,000	2,185,511	(14,489)	(0.7)
Office supplies & operating materials	28,000	28,810	810	2.8
Conference and training	16,000	20,068	4,068	20.3
Business travel	86,000	90,551	4,551	5.0
Printing	13,000	13,267	267	2.0
Equip rental and maint	12,000	11,823	(177)	(1.5)
Insurance and bonding	32,000	33,187	1,187	3.6
Dues and subscriptions	13,000	12,981	(19)	(0.1)
Telephone	22,000	21,716	(284)	(1.3)
Postage	36,500	37,367	867	2.3
Rent & utilities	113,000	111,579	(1,421)	(1.3)
Advertising	2,000	1,782	(218)	(12.2)
Professional fees	40,000	39,828	(172)	(0.4)
Equipment purchases	27,000	25,698	(1,302)	(5.1)
Depreciation	21,785	0	(21,785)	(100.0)
Long-term debt principal	12,000	11,836	(164)	(1.4)
Miscellaneous	8,000	7,698	(302)	(3.9)
Total Expenditures	2,682,285	2,653,702	(28,583)	(1.1)
Excess of Revenues over Expenditures	4,481	32,601	(28,120)	(86.3)

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2005, ECIA had \$33,262 invested in capital assets (net of depreciation), including office furniture and equipment, agency vehicles and leasehold improvements. Total outstanding debt was \$14,491, which represents the outstanding balance of the loan used to purchase an agency vehicle.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

ECIA's management and Council considered many factors when setting the fiscal year 2006 budget and the fees that will be charged for services, endeavoring to keep costs low for our members, while covering staff and overhead costs. Membership fees will increase from \$.40 to \$.42 per capita in Fiscal 2006, the first increase in over 20 years. The hourly billing rates for all staff will increase slightly in order to cover staff salary and overhead costs. Increases in employee health insurance costs will continue to be a concern in the year ahead. Decreases in State and Federal funding levels will also be a concern.

As we progress into 2006, we will continue to work collaboratively, developing new and building on already successful partnerships, while the staff at ECIA remains committed to building strong and healthy communities and making our region a great place to live and work.

FINANCIAL CONTACT

These financial statements are designed to provide our member communities, funding agencies and creditors with a general overview of ECIA's finances and to show ECIA's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to ECIA's Executive Director or Finance Director, 3999 Pennsylvania Avenue, Suite 200, Dubuque, IA 52002.

BASIC FINANCIAL STATEMENTS

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities	Total
ASSETS		
Current assets		
Cash and investments	\$ 101,935	\$ 101,935
Accounts receivable	304,007	304,007
Prepaid fees and expenses	57,857	57,857
Total current assets	<u>463,799</u>	<u>463,799</u>
Noncurrent assets		
Property and Equipment		
Leasehold improvements	3,504	3,504
Equipment and furniture	142,988	142,988
Less accumulated depreciation	(113,230)	(113,230)
Total noncurrent assets	<u>33,262</u>	<u>33,262</u>
Total assets	<u>\$ 497,061</u>	<u>\$ 497,061</u>
LIABILITIES		
Current liabilities		
Excess of outstanding checks over bank balance	\$ 3,258	\$ 3,258
Current portion of long-term obligations	5,419	5,419
Accounts payable	20,055	20,055
Deferred revenue		
Prepaid memberships	11,225	11,225
Unearned grant revenue	301	301
Accrued liabilities		
Vacation and holiday pay	116,934	116,934
Salaries and wages	16,150	16,150
Other	10,631	10,631
Total current liabilities	<u>183,973</u>	<u>183,973</u>
Noncurrent liabilities		
Noncurrent portion of long-term obligations	9,072	9,072
Total liabilities	<u>193,045</u>	<u>193,045</u>
NET ASSETS		
Investment in capital assets net of related debt	18,771	18,771
Unrestricted	285,245	285,245
Total net assets	<u>304,016</u>	<u>304,016</u>
Total liabilities and net assets	<u>\$ 497,061</u>	<u>\$ 497,061</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association

Dubuque, Iowa

STATEMENT OF ACTIVITIES

For the year ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Governmental Activities
Governmental activities				
Salaries, wages and fringe benefits	\$ 2,185,511	\$ 1,401,145	\$ 805,599	\$ -
Office supplies	28,600	18,336	10,542	-
Operating materials	210	135	77	-
Conferences and training	20,068	12,866	7,397	-
Business travel	90,551	58,053	33,378	-
Printing	13,267	8,506	4,890	-
Equipment rental and maintenance	11,823	7,580	4,358	-
Insurance and bonding	33,187	21,276	12,233	-
Dues and subscriptions	12,981	8,322	4,785	-
Telephone	21,716	13,922	8,005	-
Postage	37,367	23,956	13,774	-
Rent	111,579	71,534	41,129	-
Advertising	1,782	1,142	657	-
Professional fees	39,828	25,534	14,681	-
Depreciation	21,475	13,768	7,916	-
Miscellaneous	7,698	4,935	2,838	-
WIA program costs	839,929	-	839,929	-
Total governmental activities	\$ 3,477,572	\$ 1,691,010	\$ 1,812,188	\$ -
				25,626
General revenues				
Interest				1,149
Miscellaneous				1,040
Gain on sale of equipment				2,841
Total general revenues				5,030
Change in net assets				30,656
Net assets at beginning of year				273,360
Net assets at end of year				\$ 304,016

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	ECIA	WIA	
	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and investments	\$ 87,122	\$ 14,813	\$ 101,935
Accounts receivable	304,007	-	304,007
Prepaid fees and expenses	54,599	3,258	57,857
Total assets	<u>\$ 445,728</u>	<u>\$ 18,071</u>	<u>\$ 463,799</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Excess of outstanding checks over bank balance	\$ -	\$ 3,258	\$ 3,258
Accounts payable	5,543	14,512	20,055
Accrued liabilities			
Vacation and holiday pay	116,934	-	116,934
Salaries and wages	16,150	-	
Other	10,631	-	10,631
Deferred revenue			
Prepaid memberships	11,225	-	11,225
Unearned grant revenue	-	301	301
Total liabilities	160,483	18,071	178,554
Fund balance - unreserved	<u>285,245</u>	<u>-</u>	<u>285,245</u>
	<u>\$ 445,728</u>	<u>\$ 18,071</u>	

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balance because:

Capital assets used in government activities are not financial resources and therefore not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental capital assets

Governmental accumulated depreciation

\$ 146,492	
<u>(113,230)</u>	33,262

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements.

Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are:

General obligation debt

<u>(14,491)</u>	<u>(14,491)</u>
-----------------	-----------------

Total net assets - governmental activities

<u>\$ 304,016</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the year ended June 30, 2005

	<u>ECIA</u>	<u>WIA</u>	
	General	Special	
	Fund	Revenue	Total
		Fund	
Revenues			
Federal	\$ 458,860	\$ -	\$ 458,860
State of Iowa	49,837	-	49,837
State of Wisconsin	787	-	787
Membership fees	77,810	-	77,810
Fees and assessments	195,874	-	195,874
ECIA Business Growth	146,501	-	146,501
Eastern Iowa Regional			
Housing Authority (EIHRA)	902,502	-	902,502
Economic Development Set-Aside and			
CDBG grant administration	368,323	-	368,323
Workforce Investment Act (WIA) grants	462,775	839,929	1,302,704
Interest	1,149	-	1,149
Miscellaneous	1,040	-	1,040
Proceeds from sale of fixed assets	4,162	-	4,162
Total revenues	2,669,620	839,929	3,509,549
Expenditures			
Salaries, wages and fringe			
benefits	2,185,511	-	2,185,511
Office supplies	28,600	-	28,600
Operating materials	210	-	210
Conferences and training	20,068	-	20,068
Business travel	90,551	-	90,551
Printing	13,267	-	13,267
Equipment rental and			
maintenance	11,823	-	11,823
Insurance and bonding	33,187	-	33,187
Dues and subscriptions	12,981	-	12,981
Telephone	21,716	-	21,716
Postage	37,367	-	37,367
Rent	111,579	-	111,579
Advertising	1,782	-	1,782
Professional fees	39,828	-	39,828
Equipment purchases	25,698	-	25,698
Long-term debt principal	11,836	-	11,836
Miscellaneous	7,698	-	7,698
Program costs	-	839,929	839,929
Total expenditures	2,653,702	839,929	3,493,631
Excess of revenues over			
expenditures	\$ 15,918	\$ -	\$ 15,918

Continued on next page.

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - CONTINUED
For the year ended June 30, 2005

	<u>ECIA</u>	<u>WIA</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Other financing source			
Proceeds from long-term borrowing	\$ 16,683	\$ -	\$ 16,683
Excess of revenues and other financing source over expenditures	32,601	-	32,601
Fund balance at beginning of year	<u>252,644</u>	<u>-</u>	<u>252,644</u>
Fund balance at end of year	<u>\$ 285,245</u>	<u>\$ -</u>	<u>\$ 285,245</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2005

Net change in fund balances - total governmental funds \$ 32,601

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, these costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. Assets disposed of for less than book value (cost - accumulated depreciation) are recorded as losses on disposition of fixed assets.

Capital outlay reported in governmental fund statements	\$ 25,698
Depreciation expense reported in the statement of activities	(21,475)
Gain on sale of fixed assets	2,841
Proceeds from sale of fixed assets	<u>(4,162)</u>

Amount by which capital outlays and proceeds from fixed asset sales are less than depreciation and losses on fixed asset sales in the current period are: 2,902

Proceeds from current year debt issues are reported as revenue in the governmental funds, but are reported as long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of proceeds from new debt issues in the current year is: (16,683)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:

	<u>11,836</u>
Change in net assets - governmental activities	<u>\$ 30,656</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

East Central Intergovernmental Association is organized pursuant to the provisions of Chapters 473A and 28E of the Code of Iowa as a regional planning organization designed to assist local governments cooperate with one another. The East Central Intergovernmental Association consists of a council of thirty locally elected and appointed officials from the counties of Cedar, Clinton, Delaware, Dubuque, and Jackson. This council, along with ECIA staff, seeks to coordinate relationships among local municipalities, improve communications with federal and state governments and to provide planning and programming assistance.

For financial reporting purposes, the Association has included all of its funds, organizations, account groups, agencies, and boards. The Association has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Association to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Association. The financial statements presented herein do not include E.C.I.A. Business Growth, Inc. or Eastern Iowa Regional Housing Authority, which have been formed as separate and distinct entities.

The financial statements of the Association consist of the following operations: East Central Intergovernmental Association (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered the East Central Governmental Association).

2. Basis of Presentation

Association-wide Statements - The statement of net assets and the statement of activities present financial information about the Association's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Association has no business-type activities or fiduciary funds. However, such activities or funds would be included in these financial statements if they existed.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - Continued

Association-wide Statements - Continued - The statement of activities presents a comparison between direct/ indirect expenses and revenues for each program of the Association's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are common entity-wide expenses allocated to programs based on direct labor costs. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements - The fund statements provide information about the Association's funds. Separate statements for each fund category -- governmental, proprietary, and fiduciary, as applicable -- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, as applicable with each displayed in a separate column. All remaining governmental and enterprise funds, as applicable are aggregated and reported as non-major funds. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Association reports the following major governmental funds:

General fund - This is the Association's primary operating fund. All financial activity not required to be accounted for in another fund is accounted for in the general fund.

Special revenue fund - This fund accounts for activities associated with providing job training and retraining programs. Revenue sources consist entirely of grants received from the federal government.

3. Measurement Focus and Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Association considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - Continued

Proceeds of general long-term debt and fixed asset acquisitions made under capital leases are reported as other financing sources. Under the terms of grant agreements, the Association may fund certain programs by a combination of specific cost-reimbursement grants, service fees, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the Association's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

4. Budgets

The Association, although not legally required to do so, annually adopts a budget on a basis consistent with accounting principles generally accepted in the United States of America. A budget is adopted for the general fund annually and amended upon board approval. Appropriations lapse at fiscal year end. The adopted budget and budgetary expenditure control is exercised at the expenditure type level (salaries, rent, etc.). No budget is legally adopted for the special revenue fund.

5. Cash and Investments

The Association's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts. The Association's investment policy permits investment of available cash balances in time deposits at any bank or credit union in the State of Iowa, U.S. Treasury obligations, U.S. agency issues and certain repurchase agreements. All investments are stated at fair market value.

6. Receivables

Any amounts reported on the statement of net assets for due to and due from other funds represent amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Capital Assets

Capital assets are reported at actual cost if available. Estimated cost is used when actual cost is not determinable. Donated assets are reported at estimated fair market value on the date received. Repairs and maintenance are recorded as expenditures; replacements and betterments that extend an assets life by greater than one year are capitalized.

8. Depreciation

The Association provides for depreciation of equipment and leasehold improvements using annual rates that are sufficient to amortize the cost of depreciable assets over their estimated useful lives using the straight-line method of depreciation. For the year ended June 30, 2005, depreciation expense was \$21,475.

9. Retirement Plans

Association employees participate in the Iowa Public Employees Retirement System (IPERS). All contributions made by the Association on behalf of its employees are reported as expenditures when earned.

10. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures, as appropriate. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as revenues in the fund that is reimbursed.

11. Memorandum Only - Total Columns

Total columns on the governmental fund financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

12. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2005

NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND
STATEMENTS AND ASSOCIATION-WIDE STATEMENTS

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a. Long-term revenue differences that arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences that represent the difference between recording expenditures for the purchase of capital items in the governmental fund statements and depreciation expense on all capital items as recorded in the statement of activities.
- c. Long-term debt transaction differences that occur because proceeds from debt issues and both interest and principal debt payments are recorded as revenues or expenditures, as applicable, in the governmental fund statements, whereas debt proceeds or principal payments are recorded as an increase or decrease, as applicable, in the statement of net assets, and interest expense is recorded in the statement of activities as incurred.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2005

NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND
ASSOCIATION-WIDE STATEMENTS - CONTINUED

	Total Governmental Funds	Long-term Revenue/ Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Total
Revenues and other source					
Federal	\$ 458,860	\$ -	\$ -	\$ -	\$ 458,860
State of Iowa	49,837	-	-	-	49,837
State of Wisconsin	787	-	-	-	787
Membership fees	77,810	-	-	-	77,810
Fees and assessments	195,874	-	-	-	195,874
ECIA Business Growth	146,501	-	-	-	146,501
Eastern Iowa Regional Housing Authority (EIHRA)	902,502	-	-	-	902,502
Economic Development Set-Aside and CDBG grant administration	368,323	-	-	-	368,323
Workforce Investment Act	1,302,704	-	-	-	1,302,704
Interest	1,149	-	-	-	1,149
Miscellaneous	1,040	-	-	-	1,040
Proceeds from the sale of fixed assets	4,162	-	(4,162)	-	-
Gain on sale of equipment	-	-	2,841	-	2,841
Proceeds from long-term borrowing	16,683	-	-	(16,683)	-
Total revenues	3,526,232	-	(1,321)	(16,683)	3,508,228
Expenditures					
Salaries, wages and fringe benefits	2,185,511	-	-	-	2,185,511
Office supplies	28,600	-	-	-	28,600
Operating materials	210	-	-	-	210
Conferences and training	20,068	-	-	-	20,068
Business travel	90,551	-	-	-	90,551
Printing	13,267	-	-	-	13,267
Equipment rental and maintenance	11,823	-	-	-	11,823
Insurance and bonding	33,187	-	-	-	33,187
Dues and subscriptions	12,981	-	-	-	12,981
Telephone	21,716	-	-	-	21,716
Postage	37,367	-	-	-	37,367
Rent	111,579	-	-	-	111,579
Advertising	1,782	-	-	-	1,782
Professional fees	39,828	-	-	-	39,828
Depreciation	-	-	21,475	-	21,475
Equipment purchases	25,698	-	(25,698)	-	-
Long-term debt principal	11,836	-	-	(11,836)	-
Miscellaneous	7,698	-	-	-	7,698
WIA program costs	839,929	-	-	-	839,929
Total expenditures	3,493,631	-	(4,223)	(11,836)	3,477,572
Net change for the year	\$ 32,601	\$ -	\$ 2,902	\$ (4,847)	\$ 30,656

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2005

NOTE C - CASH DEPOSITS

The Association's deposits at June 30, 2005 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Association or the Association's agent in the Association's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Association is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposits or other evidences of deposit at federally insured depository institutions approved by the Association and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Association's savings accounts and certificates of deposits are classified as cash deposits.

NOTE D - ACCOUNTS RECEIVABLE

At June 30, 2005 and 2004, the Association had the following accounts receivable outstanding for grants and fees:

	2005	2004
Iowa DOT - FHWA planning	\$ 35,634	\$ 32,621
Iowa DOT - RPA	11,316	13,986
Iowa DOT - MPO	-	1,400
Illinois DOT - Sec 8	98	-
Wisconsin DOT - FHWA planning	-	7,088
EDA Grant	21,311	8,628
Iowa Workforce Development - Promise Jobs Grant	10,000	-
WIA programs and administration	33,405	52,309
Eastern Iowa Regional Housing Authority	83,263	123,287
Local contract charges	68,846	59,571
E.C.I.A. Business Growth, Inc.	19,889	15,965
Clinton MDST	10,024	-
Upper Explorerland IWD	664	-
Miscellaneous	9,557	2,816
Total	<u>\$ 304,007</u>	<u>\$ 317,671</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2005

NOTE E - PENSION AND RETIREMENT BENEFITS

The Association contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Association is required to contribute 5.75% of annual covered payroll to the plan. Contribution requirements are established by State statute. The Association's contribution to IPERS for the year ended June 30, 2005 of \$93,870 is equal to the required contribution for the year. The Association's contributions for the years ended June 30, 2004 and 2003 were \$88,882 and \$86,570, respectively, equal to the required contributions for those years.

NOTE F - COMPENSATED ABSENCES

Association employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave hours accumulate for subsequent use and are not recognized as expenditures by the Association until used. The Association's approximate liability for unrecognized accrued employee benefits at June 30, 2005 is as follows:

Sick Leave	\$ <u>254,107</u>
------------	-------------------

Sick leave is accumulated at a rate of one day per month to a maximum accumulation of 100 days. Use of sick leave is available only to employees of record. There is no payoff of unused accumulated sick leave upon termination.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2005

NOTE G - OPERATING LEASE COMMITMENTS

The Association leases shared office space in Manchester, Iowa under a one-year lease, renewable annually. The Association is required to make monthly payments of \$475 until December 31, 2005 under its current agreement.

The Association also subleases additional office space in Dubuque from the Iowa Workforce Development Department under a sublease dated January 29, 1998. Under the terms of the sublease, the Association is required to make monthly payments of \$1,604 from January 1, 1998 through December 31, 2007, as required by an August 18, 1998 amendment to the original sublease agreement. The Association used a grant from the Iowa Department of Employment Services, in part, to buy down this ten-year lease to the monthly payments listed above. The cost of the buy down, which was paid prior to July 1, 1998 and was shown as part of rent expense for the fiscal year ended June 30, 1998, was \$50,000.

Finally, the Association leases office space in Dubuque for its primary operations. The lease began October 1, 2002 and runs until September 30, 2007. The lease requires monthly payments of \$5,209 monthly.

Future minimum lease payments are as follows:

	Manchester Sublease	Dubuque Office Space	Dubuque Sublease
June 30,			
2006	\$ 2,850	\$ 62,508	\$ 19,248
2007	-	62,508	9,624
2008	-	15,627	-
Total	<u>\$ 2,850</u>	<u>\$ 120,643</u>	<u>\$ 28,872</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2005

NOTE H - FIXED ASSETS

A summary of changes in property and equipment comprising general fixed assets is as follows:

	Balance at July 1, 2004	Additions	Deletions	Balance at June 30, 2005
Leasehold improvements	\$ 3,504	\$ -	\$ -	\$ 3,504
Equipment and furniture	146,977	25,698	29,687	142,988
Subtotal	150,481	25,698	29,687	146,492
Accumulated Depreciation	120,121	21,475	28,366	113,230
Total	\$ 30,360	\$ 4,223	\$ 1,321	\$ 33,262

NOTE I - GENERAL LONG-TERM DEBT

Long-term debt transactions for the year ended June 30, 2005 are as follows:

	Principal	Interest	Totals
Notes payable			
Balance at July 1, 2004	\$ 9,644	\$ 293	\$ 9,937
New debt	16,683	1,130	17,813
Payments	(11,836)	(575)	(12,411)
Balance at June 30, 2005	\$ 14,491	\$ 848	\$ 15,339

The new debt was incurred for the purchase of a 2004 Chevrolet Impala. The debt from the beginning of the year has been retired. The only debt owing relates to the current fiscal year automobile purchase.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2005

NOTE I - GENERAL LONG-TERM DEBT - CONTINUED

Long-term debt at June 30, 2005 is comprised of the following:

\$16,683 commercial loan from East Dubuque Savings Bank dated January 20, 2005 and due in monthly installments of \$494.80, including interest at 4.25% per annum until January 20, 2008.

The annual requirements needed to amortize the long-term debt of the Association as of June 30, 2005, is as follows:

Year ended June 30,	Principal	Interest	Total
2006	\$ 5,419	\$ 519	\$ 5,938
2007	5,658	280	5,938
2008	3,414	49	3,463
	<u>\$ 14,491</u>	<u>\$ 848</u>	<u>\$ 15,339</u>

NOTE J - RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL INFORMATION

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
Revenues				
Federal	\$ 444,000	\$ 440,177	\$ 458,860	\$ 18,683
State of Iowa	61,375	45,374	49,837	4,463
State of Wisconsin	-	788	787	(1)
Membership fees	77,810	77,810	77,810	-
Fees and assessments	135,000	183,276	195,874	12,598
ECIA Business Growth	126,000	140,375	146,501	6,126
Eastern Iowa Regional Housing Authority (EIHRA)	932,000	921,984	902,502	(19,482)
Economic Development Set-Aside and CDBG grant administration	349,400	369,573	368,323	(1,250)
Workforce Investment Act	500,500	486,835	462,775	(24,060)
Interest	1,500	1,010	1,149	139
Miscellaneous	-	-	1,040	1,040
Proceeds from the sale of fixed assets	-	2,881	4,162	1,281
Proceeds of long-term borrowing	-	16,683	16,683	-
Total revenues	2,627,585	2,686,766	2,686,303	(463)
Expenditures				
Salaries, wages and fringe benefits	2,155,000	2,200,000	2,185,511	14,489
Office supplies	29,000	28,000	28,600	(600)
Operating materials	-	-	210	(210)
Conferences and training	16,000	16,000	20,068	(4,068)
Business travel	80,000	86,000	90,551	(4,551)
Printing	12,000	13,000	13,267	(267)
Equipment rental and maintenance	8,000	12,000	11,823	177
Insurance and bonding	27,000	32,000	33,187	(1,187)
Dues and subscriptions	12,000	13,000	12,981	19
Telephone	20,000	22,000	21,716	284
Postage	34,000	36,500	37,367	(867)
Rent	106,000	113,000	111,579	1,421
Advertising	3,000	2,000	1,782	218
Professional fees	40,000	40,000	39,828	172
Equipment purchases	33,000	27,000	25,698	1,302
Depreciation	30,000	21,785	-	21,785
Long-term debt principal	10,000	12,000	11,836	164
Miscellaneous	8,000	8,000	7,698	302
Total expenditures	2,623,000	2,682,285	2,653,702	28,583

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
For the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Excess of revenues over expenditures	\$ 4,585	\$ 4,481	\$ 32,601	\$ 28,120
Fund balance at beginning of year	<u>252,644</u>	<u>252,644</u>	<u>252,644</u>	<u>-</u>
Fund balance at end of year	\$ <u>257,229</u>	\$ <u>257,125</u>	\$ <u>285,245</u>	\$ <u>28,120</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BY PROGRAM
For the Year Ended June 30, 2005

		30	35	40	45	50	55	65
	Totals	FHWA and Section 8 Transportation	Clinton Model	General Technical Assistance	ECIA Business Growth	Economic Development Grant	ElHRA	Evergreen Meadows
REVENUES								
Federal	\$ 458,860	\$ 137,973	\$ -	\$ -	\$ -	\$ 53,080	\$ -	\$ -
State of Iowa	49,837	-	36,000	-	352	13,485	-	-
State of Wisconsin	787	787	-	-	-	-	-	-
Membership fees	77,810	19,442	-	-	-	12,350	-	-
Fees and assessments	195,874	14,264	-	153,753	-	12,690	-	-
ECIA Business Growth	146,501	-	-	-	-	-	-	13,617
ElHRA	902,502	-	-	-	146,501	-	-	-
Economic Development Set-Aside and CDBG grant administration	368,323	-	-	-	-	-	902,502	-
WIA and related programs	462,775	-	-	-	-	-	-	-
Interest	1,149	-	-	-	-	-	-	-
Miscellaneous	1,040	-	-	-	-	-	-	-
Sale of equipment	4,162	-	-	-	500	500	-	-
Proceeds from long-term borrowing	16,683	-	-	-	-	-	-	-
Total revenues	2,686,303	172,466	36,000	153,753	147,353	92,105	902,502	13,617
EXPENDITURES								
Salaries, wages and fringe benefits	2,185,511	140,264	31,643	126,259	118,216	74,257	783,218	11,982
Office supplies	28,600	2,017	289	1,362	1,054	619	10,890	101
Operating materials	210	-	-	-	-	-	-	-
Conferences and training	20,068	2,620	39	413	3,098	1,306	1,440	18
Business travel	90,551	7,803	231	6,190	6,287	4,542	6,331	69
Printing	13,267	815	193	1,034	1,081	421	3,764	81
Equipment rental and maintenance	11,823	649	145	519	715	297	4,154	46
Insurance and bonding	33,187	1,360	267	1,096	943	665	10,181	93
Dues and subscriptions	12,981	588	83	797	2,377	644	2,555	36
Telephone	21,716	1,205	38	1,195	1,328	1,989	8,141	13
Postage	37,367	1,927	206	1,178	1,500	874	19,049	510
Rent	111,579	8,073	2,181	7,556	6,175	4,316	33,457	441
Advertising	1,782	581	5	24	22	13	148	3
Professional fees	39,828	2,849	486	2,555	2,370	1,267	13,893	170
Depreciation	21,475	1,715	194	1,332	2,187	895	5,281	54
Equipment purchases	25,698	-	-	-	-	-	-	-
Long-term debt principal	11,836	-	-	-	-	-	-	-
Miscellaneous	7,698	-	-	-	-	-	-	-
Pass-through	-	-	-	-	-	-	-	-
Total expenditures	2,675,177	172,466	36,000	151,510	147,353	92,105	902,502	13,617
Excess of revenues over (under) expenditures	\$ 11,126	\$ -	\$ -	\$ 2,243	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Continued on next page.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BY PROGRAM - CONTINUED
For the Year Ended June 30, 2005

	70 Welfare to Work	75 Promise Jobs	80 Regional Transit RPA/STP	85 CDBG Admini- stration	90 General	A00 WIA	B00 WIA Title III Discretionary	E00 Economic Development Set-Aside
REVENUES								
Federal	\$ -	\$ 211,982	\$ 55,825	\$ -	\$ -	\$ -	\$ -	\$ -
State of Iowa	-	-	-	-	-	-	-	-
State of Wisconsin	-	-	-	-	-	-	-	-
Membership fees	-	-	13,937	-	32,081	-	-	-
Fees and assessments	-	-	1,550	-	-	-	-	-
ECIA Business Growth	-	-	-	-	-	-	-	-
EIHRA	-	-	-	-	-	-	-	-
Economic Development Set-Aside and CDBG grant administration	-	-	-	354,358	-	-	-	13,965
Workforce Investment Act	7,052	-	-	-	-	387,135	68,588	-
Interest	-	-	-	-	1,149	-	-	-
Miscellaneous	-	-	-	-	40	-	-	-
Sale of equipment	-	-	-	-	4,162	-	-	-
Proceeds from long-term debt	-	-	-	-	16,683	-	-	-
Total revenues	7,052	211,982	71,312	354,358	54,115	387,135	68,588	13,965
EXPENDITURES								
Salaries, wages and fringe benefits	5,874	176,475	53,384	275,563	-	317,324	58,599	12,453
Office supplies	50	2,780	1,184	3,287	-	4,355	486	126
Operating materials	-	105	-	-	-	105	-	-
Conferences and training	100	2,349	2,359	1,589	-	3,859	833	45
Business travel	410	8,649	4,760	24,825	-	18,215	2,199	40
Printing	29	816	216	1,828	-	2,645	272	72
Equipment rental and maintenance	22	1,077	317	1,423	-	2,163	247	49
Insurance and bonding	147	1,465	539	11,490	-	3,963	878	100
Dues and subscriptions	12	1,365	318	1,026	-	2,937	205	38
Telephone	13	942	1,416	4,017	-	1,272	134	13
Postage	38	2,222	591	3,741	-	5,055	374	102
Rent	266	9,692	3,174	16,459	-	16,455	2,668	666
Advertising	1	44	746	111	-	71	12	1
Professional fees	61	2,664	945	4,531	-	6,443	1,413	181
Depreciation	29	1,337	1,363	4,468	-	2,273	268	79
Equipment purchases	-	-	-	-	25,698	-	-	-
Long-term debt principal	-	-	-	-	11,836	-	-	-
Miscellaneous	-	-	-	-	7,698	-	-	-
Pass-through	-	-	-	-	-	-	-	-
Total expenditures	7,052	211,982	71,312	354,358	45,232	387,135	68,588	13,965
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ 8,883	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Continued from previous page.

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES
AND COMPUTATION OF PROJECT GRANTS EARNED
For the Year Ended June 30, 2005

	30	80	50				
	FHWA and FTA Section 8 Transportation 05MPO-ECIA	Regional Transit RPA 05RPA-08	United States Department of Commerce Economic Development Planning Grant				
			05-83-038-24			05-83-041-26	
			Prior Audit 1/1-6/30/04	Current Year 7/1-12/31/04	Total 1/1-12/31/04	Current Year 1/1-6/30/05	Total Fiscal Year
REVENUES							
Federal - EDA	\$ -	\$ -	\$ 33,952	\$ 18,048	\$ 52,000	\$ 35,032	\$ 53,080
Federal - Planning	137,973	55,825	-	-	-	-	-
State of Iowa - Planning	-	-	5,234	4,141	9,375	5,234	9,375
State of Iowa - Other	-	-	-	-	-	-	-
State of Wisconsin	787	-	-	-	-	-	-
Membership fees	19,442	13,937	(104)	20,199	20,095	(3,238)	16,961
Fees and assessments	14,264	1,550	6,188	3,007	9,195	9,682	12,689
Total revenues	172,466	71,312	45,270	45,395	90,665	46,710	92,105
EXPENDITURES							
Salaries, wages and fringe benefits	140,264	53,384	33,917	36,792	70,709	37,465	74,257
Office supplies	2,017	1,184	342	291	633	328	619
Operating materials	-	-	-	-	-	-	-
Conferences and training	2,620	2,359	2,633	440	3,073	866	1,306
Business travel	7,803	4,760	3,231	1,805	5,036	2,737	4,542
Printing	815	216	126	329	455	92	421
Equipment rental and maintenance	649	-	115	147	262	150	297
Insurance and bonding	1,360	317	271	342	613	323	665
Dues and subscriptions	588	539	304	591	895	53	644
Telephone	1,205	318	908	1,049	1,957	940	1,989
Postage	1,927	1,416	446	327	773	547	874
Rent	8,073	591	2,078	2,292	4,370	2,024	4,316
Advertising	581	3,174	5	9	14	4	13
Professional fees	2,849	746	466	509	975	758	1,267
Depreciation	1,715	945	428	472	900	423	895
Equipment purchases	-	1,363	-	-	-	-	-
Total expenditures	172,466	71,312	46,732	45,395	90,665	46,710	92,105
Less expenses funded 100% under certain grants	-	-	-	-	-	-	-
Expense basis for computation of federal and/or state participation in project cost	172,466	71,312	46,732	45,395	92,127	46,710	
Federal or state participation percentage	80%	80%	75%	75%	75%	75%	
Computed project grant earned	\$ 137,973	\$ 57,050	\$ 35,049	\$ 34,046	\$ 69,095	\$ 35,032	
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:	\$ 137,973	\$ 55,825	\$ 33,952	\$ 18,048	\$ 52,000	\$ 35,032	
Therefore, the grants earned equal:	\$ 137,973	\$ 55,825	\$ 33,952	\$ 18,048	\$ 52,000	\$ 35,032	

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
COMBINING BALANCE SHEET - BY CONTRACT -
WORKFORCE INVESTMENT ACT (WIA)
June 30, 2005

Pass-through Entity:	Upper Explorerland Regional Planning Commission										
Contract Number:	East Cental Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement							4-W-FR- P3-0-01 December 1, 2003 through June 30, 2006 Eagle Foods Discretionary Grant	5-W-PF- RR-0-07 March 18, 2005 through July 19, 2005 Dubuque Inn Early Intervention	5-W-PF- P5-0-03 January 11, 2005 through May 18, 2005 Medical Associates Early Intervention	
Contract Period:	July 1, 2004 through June 30, 2005										
Program:	Admini- stration	Adult Formula	Youth in School Formula	Youth out of School Formula	Dislocated Worker Formula	Color Box Dislocated Worker	Color Box Early Intervention				
Assets											Totals
Cash	\$ 7,442	\$ 1,262	\$ 587	\$ 671	\$ 4,408	\$ -	\$ -	\$ -	\$ 443	\$ -	\$ 14,813
Prepaid expenses	-	-	-	-	-	-	567	2,691	-	-	3,258
	<u>\$ 7,442</u>	<u>\$ 1,262</u>	<u>\$ 587</u>	<u>\$ 671</u>	<u>\$ 4,408</u>	<u>\$ -</u>	<u>\$ 567</u>	<u>\$ 2,691</u>	<u>\$ 443</u>	<u>\$ -</u>	<u>\$ 18,071</u>
Liabilities and Fund Balance											
Accounts payable	\$ 7,141	\$ 1,262	\$ 587	\$ 671	\$ 4,408	\$ -	\$ -	\$ -	\$ 443	\$ -	\$ 14,512
Excess of outstanding checks over bank balance	-	-	-	-	-	-	567	2,691	-	-	3,258
Deferred revenues	301	-	-	-	-	-	-	-	-	-	301
Total liabilities	7,442	1,262	587	671	4,408	-	567	2,691	443	-	18,071
Fund balance	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 7,442</u>	<u>\$ 1,262</u>	<u>\$ 587</u>	<u>\$ 671</u>	<u>\$ 4,408</u>	<u>\$ -</u>	<u>\$ 567</u>	<u>\$ 2,691</u>	<u>\$ 443</u>	<u>\$ -</u>	<u>\$ 18,071</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
WORKFORCE INVESTMENT ACT (WIA)
For the year ended June 30, 2005

Pass-through Entity: Upper Explorerland Regional Planning Commission

Contract Number: East Central Intergovernmental Association and
Upper Explorerland Regional Planning Commission Joint Agreement

Contract Period: July 1, 2004 through June 30, 2005

								4-W-FR- P3-0-01 December 1, 2003 through June 30, 2006	5-W-PF- RR-0-07 March 18, 2005 through July 19, 2005	5-W-PF- P5-0-03 January 11, 2005 through May 18, 2005	
Program:	Admini- stration	Adult Formula	Youth in School Formula	Youth out of School Formula	Dislocated Worker Formula	Color Box Dislocated Worker	Color Box Early Intervention	Eagle Foods Discretionary Grant	Dubuque Inn Early Intervention	Medical Associates Early Intervention	Totals
Revenues											
Grants	\$ 51,488	\$ 167,381	\$ 87,625	\$ 98,038	\$ 204,398	\$ 92,320	\$ 1,211	\$ 132,491	\$ 4,557	\$ 420	\$ 839,929
Expenditures											
Administration	51,488	-	-	-	-	7,053	-	11,211	-	-	69,752
Training related and support services	-	22,179	6,871	9,985	33,888	10,881	-	18,728	-	-	102,532
Direct training services	-	145,202	80,754	88,053	170,510	74,386	1,211	102,552	4,557	420	667,645
Pass-through to sub-grantee	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	51,488	167,381	87,625	98,038	204,398	92,320	1,211	132,491	4,557	420	839,929
Excess of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended June 30, 2005

<u>Grantor/Program</u>	<u>Federal CDFA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
Direct			
United States Department of Commerce			
EDA Planning Grant	11.302	05-83-06413-04 05-83-04126-05	\$ 18,048 <u>35,032</u>
Total United States Department of Commerce			<u>53,080</u>
Indirect:			
United States Department of Health and Human Services			
Passed through Upper Explorerland Regional Planning Commission			
Promise Jobs	93.558	UERPC/ECIA Contract	<u>211,982</u>
Total United States Department of Health and Human Services			<u>211,982</u>
United States Department of Labor			
Passed through Upper Explorerland Regional Planning Commission			
Workforce Investment Act Cluster			
Administration	17.258	UERPC/ECIA Contract	51,488
Adult Formula	17.258	UERPC/ECIA Contract	167,381
Youth In School Formula	17.259	UERPC/ECIA Contract	87,625
Youth Out of School Formula	17.259	UERPC/ECIA Contract	98,038
Dislocated Worker Formula	17.260	UERPC/ECIA Contract	204,398
Color Box Dislocated Worker	17.260	UERPC/ECIA Contract	92,320
Color Box Early Intervention	17.260	UERPC/ECIA Contract	<u>1,211</u> 702,461
Passed through Iowa Workforce Development Department			
Title I	17.255		
Dubuque Inn Early Intervention		5-W-PF-RR-0-07	4,557
Eagle Foods Discretionary		4-W-FR-P3-0-01	132,491
Medical Associates			
Early Intervention		5-W-PF-P5-0-03	<u>420</u> <u>137,468</u>
Total United States Department of Labor			<u>839,929</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED
For the year ended June 30, 2005

<u>Grantor/Program</u>	<u>Federal CDFA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
United States Department of Transportation			
Passed through Iowa Department of Transportation			
FHWA Planning - RPA	20.515	05-RPA-08	\$ 55,825
FTA Section 8	20.515	05-MPO-ECIA	20,367
FHWA - Planning	20.515	05-MPO-ECIA	104,151
Passed through Illinois Depart- ment of Transportation			
FHWA Planning	20.515	IDOT Contract	5,833
FTA Section 8	20.515	IDOT Contract	1,322
Passed through Wisconsin Depart- ment of Transportation			
FHWA Planning	20.515	WisDOT Contract	<u>6,300</u>
Total United States Department of Transportation			<u>193,798</u>
Total Indirect			<u>1,245,709</u>
Total Federal Financial Assistance			\$ <u>1,298,789</u>

Note:

1) This statement is prepared on the accrual basis of accounting.

The accompanying notes are an integral part of this statement.

TOSTRUD & TEMP, S.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Council Members
East Central Intergovernmental Association
Dubuque, Iowa

We have audited the financial statements of the East Central Intergovernmental Association ("the Association") as of and for the year ended June 30, 2005, and have issued our report thereon dated September 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the governing council, and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

September 8, 2005

TOSTRUD & TEMP, S.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

Council Members
East Central Intergovernmental Association
Dubuque, Iowa

Compliance

We have audited the compliance of the East Central Intergovernmental Association ("the Association") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The Association's major federal programs are identified in the Schedule of Federal Financial Assistance. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association's compliance with those requirements.

In our opinion, the Association complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the East Central Intergovernmental Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with requirements that could have a direct effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the governing council, and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

September 8, 2005

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2005

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness identified?

___ yes X no

Reportable condition(s) identified not
considered to be material weaknesses?

___ yes X none reported

Noncompliance material to the financial statements?

___ yes X no

Federal Awards

Internal control over financial reporting:

Material weakness identified?

___ yes X no

Reportable condition(s) identified not
considered to be material weaknesses?

___ yes X none reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Circular A-133
Section .510(1)?

___ yes X no

Identification of major federal program

CFDA Number

Name of Federal Program or Cluster

17.258, 17.259, 17.260

WIA Cluster

Dollar threshold used to distinguish
between Type A and Type B programs

\$300,000

Auditee qualified as a low-risk auditee?

X yes ___ no

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None